

ARTICLE APPEARED
ON PAGE A1NEW YORK TIMES
15 October 1985

U.S. SENDS LAXALT TO TALK TO MARCOS

By BERNARD WEINRAUB

Special to The New York Times

WASHINGTON, Oct. 14 — President Reagan has sent Senator Paul Laxalt to the Philippines to discuss the worsening military, political and economic situation there, Administration officials said today.

Officials said Mr. Laxalt, one of Mr. Reagan's closest friends, would probably meet President Ferdinand E. Marcos in the next two days.

Officials said Mr. Laxalt, a conservative Nevada Republican, was carrying a message to Mr. Marcos from President Reagan. They declined to divulge details of the message but said Mr. Reagan wanted to "express his concern" about the situation in the Philippines.

Potentially Major Crisis Seen

Privately, White House, State Department and Pentagon officials have viewed the Philippine situation as a potential crisis for the United States. In sending Mr. Laxalt to Manila, Mr. Reagan took his most aggressive step so far in putting pressure on the Marcos Government for changes that the United States views as crucial to its stability.

The Laxalt trip comes at a potentially critical moment for United States-Philippine relations. The Defense Department plans to invest about \$1.3 billion in Clark Air Base and Subic Bay naval station in the Philippines despite warnings by United States intelligence agencies about increased Communist guerrilla activity there.

A recent Senate report to Defense Secretary Caspar W. Weinberger said American military bases in the Philippines were poorly protected and vulnerable to a terrorist attack.

Officials said the basis for Mr. Reagan's anxiety about the Philippines was the growing Communist insurgency there and fears that the Philippine military was not meeting the challenge. They said the United States was seeking an overhaul of the military and a curbing of corruption and favoritism, which are hurting the campaign against the rebels.

A second issue that especially concerns Mr. Reagan and the Administration, officials said, is Mr. Marcos's refusal so far to make economic changes to curb corruption.

Officials indicated that Mr. Laxalt would point out that two of the major monopolies, coconut and sugar, are controlled by friends of Mr. Marcos. Mr. Marcos's promise to reorganize these industries is regarded as cosmetic and not as sweeping as the Administration had sought.

"Corruption has been carried to such a degree there that parts of the economy don't function," an Administration aide said.

The White House confirmed Mr. Laxalt's trip after a report was published today about it in The Washington Times. The White House declined to discuss details of the trip.

'An Ally of Long Standing'

Michael Guest, a spokesman, said, "Senator Paul Laxalt is undertaking a visit to the Philippines, an ally of long standing, at the personal request of the President."

"He departed Washington Saturday as a close personal friend of President Reagan," Mr. Guest said. "He will meet with President Ferdinand Marcos while he is in Manila."

Officials said they believed that Mr. Laxalt would spend four days in the Philippines.

Mr. Laxalt is apparently Mr. Reagan's first emissary sent specifically to speak to President Marcos. Officials indicated that the trip, apparently aboard a military aircraft, was supposed to have been secret.

One element of Mr. Laxalt's mission, officials indicated, was to discuss political changes. This would involve a fair presidential election and the development of an election process that would be, according to one official, "clean and open."

Health of Marcos

In early August Mr. Marcos said he was seriously considering calling a presidential election this year, but later that month he appeared to drop plans for a ballot in 1985. The next scheduled presidential election is in 1987.

The health of the 68-year-old President, and his succession, have been of special concern to the Reagan Administration as the Communist insurgency and the political instability in the Philippines grow. Mr. Marcos apparently suffers from a degenerative kidney disease, and his condition swings in cycles. Lately he has appeared to be physically strong.

An additional Administration concern that may be voiced by Mr. Laxalt, officials said, is Mr. Marcos's insistence that he will return Gen. Fabian C. Ver, a close associate and cousin, to his post as chief of the armed forces. General Ver has been implicated by a citizens' court in the killing of the opposition leader Benigno S. Aquino Jr. in 1983.

Administration officials believe that General Ver will be acquitted and are expressing concern that Mr. Marcos will reappoint him to his former powerful position in the armed forces.

As a result of the Aquino assassination, President Reagan canceled a visit to the Philippines.

The Declining Economy

In presenting the President's message to Mr. Marcos, Senator Laxalt will tell the Philippine leader that the worsening political, economic and military situation was abetting the Communist rebellion and driving moderates into the hands of extremists, officials said.

Especially worrisome to American officials is the declining economy, which, they say, contributes to the disillusion among the middle class and the growth of the insurgency.

The Philippine economy, which shrank 5.5 percent last year, is expected to contract by another percentage point this year. One key reason for the decline, officials said, was the pervasive corruption and the failure by Mr. Marcos to generate economic changes.

Mr. Reagan has taken an active interest in the Philippines. He said in an interview last February that it would be "a disaster for all of us" if the democratic process failed there.

The planned upgrading of Clark Air Base and the Subic Bay naval station comes despite conclusions by the Central Intelligence Agency and the Defense Intelligence Agency that the Marcos Government was imperiled by the Communist insurgency.

Both agencies recently told the House Intelligence and Armed Services Committees, in secret briefings, that present trends in the Philippines were "really downward and very negative," Representative Dave McCurdy, Democrat of Oklahoma, said last week.